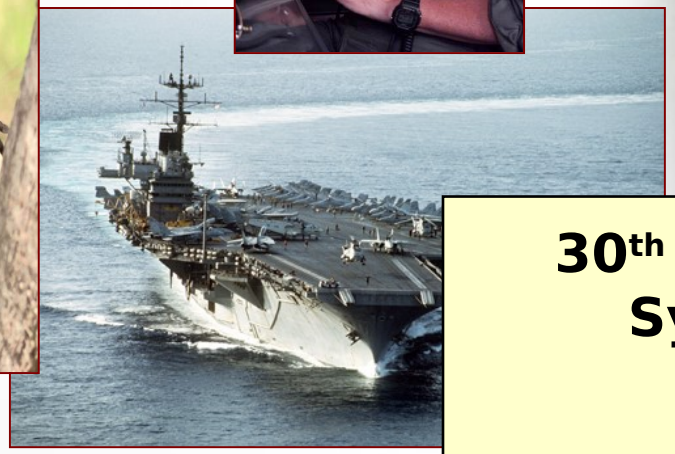
Defense Supply Center Philadelphia



30th Energy & Environmental Symposium & Exhibition
San Diego, CA
April 5 – 8, 2004

MISSION

The mission of the Defense Supply Center Philadelphia is to ensure the combat readiness and sustainment of America's Fighting Forces by providing world class logistical support in peace and in war.

Forward Presence

Strategic Partnerships

Enhanced readiness through Focused Logistics

Our Business Base

Troop & General Support Inventory Control Point

5 Supply Chains

FY03Total $10,416 M

CLOTHING & TEXTILE CLASS II

- Recruit Clothing
- Readiness
- Organizational Clothing & Individual Equipment

FY03 $2,012.7 M

SUBSISTENCE CLASS I

- Food Service
- Produce
- Operational Rations

FY03 $2,671.3 M

MEDICAL CLASS VIII

- Pharmaceutical
- Medical/Surgic
- Readiness
- Equipment

FY03 $3,136.6 M

GENERAL & INDUSTRIAL CLASS IV / VII

- Facilities Maintenance Equipment
- Wood Products
- Safety & Rescue Equipment

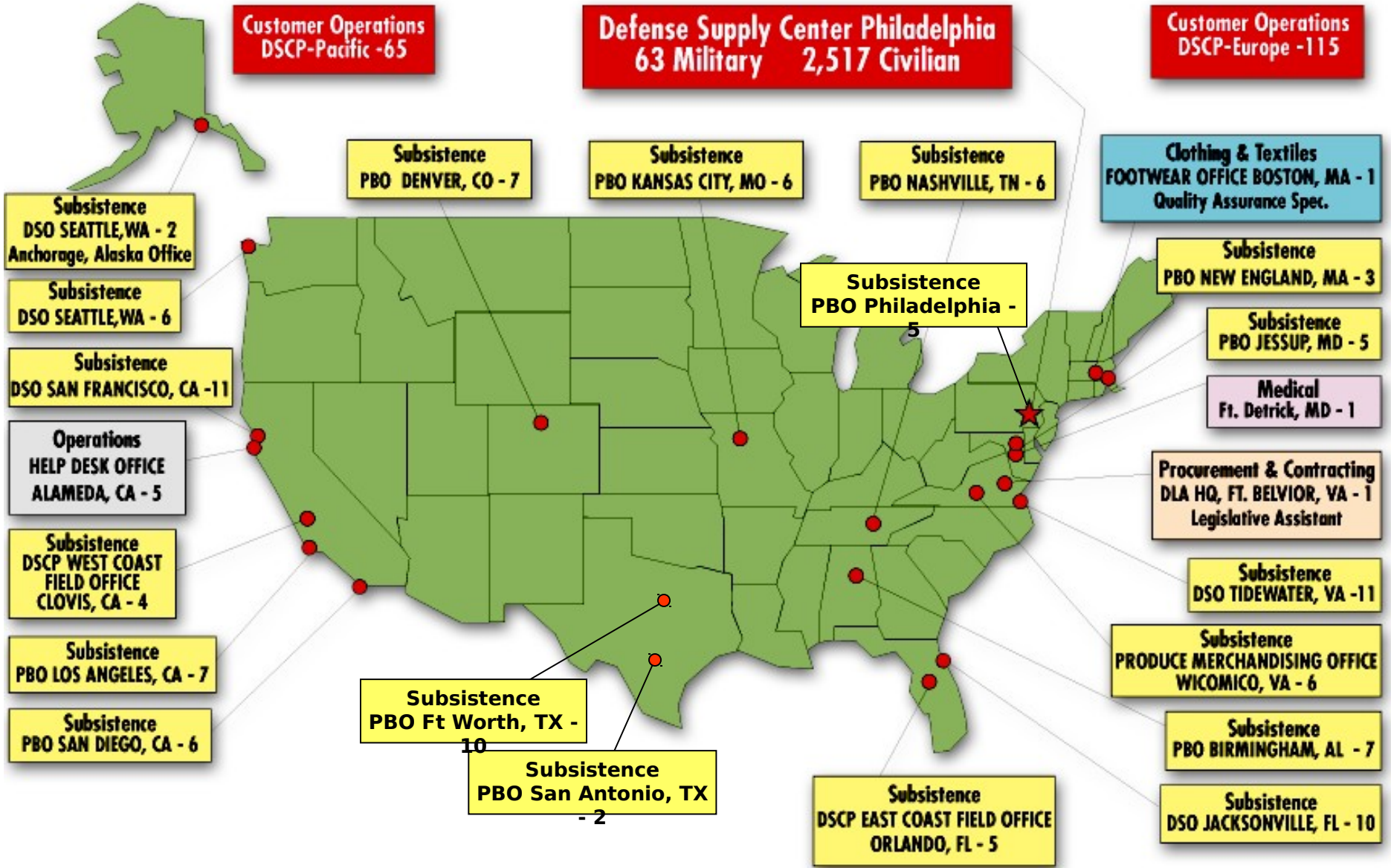
FY03 $1,665.4 M

GENERAL & INDUSTRIAL CLASS IX

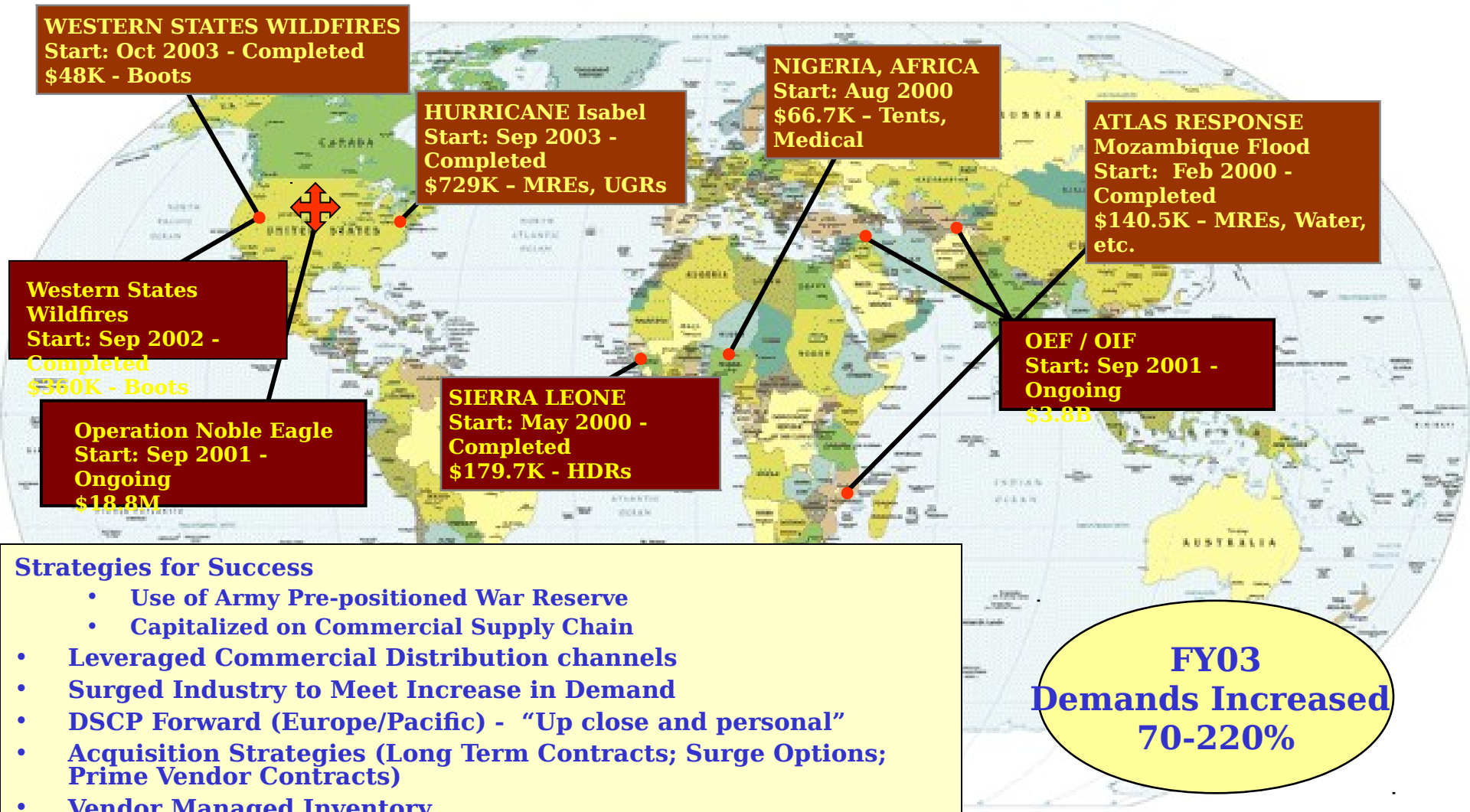
- Benchstock
- Hardware

FY03 $841.56 M

Forward Positioned … Customer Focus



Readiness Response Update
Sustainment Starts Day 1



Strategies for Success

- Use of Army Pre-positioned War Reserve
- Capitalized on Commercial Supply Chain
- Leveraged Commercial Distribution channels
- Surged Industry to Meet Increase in Demand
- DSCP Forward (Europe/Pacific) - "Up close and personal"
- Acquisition Strategies (Long Term Contracts; Surge Options; Prime Vendor Contracts)
- Vendor Managed Inventory
- Buying Access to Commercial Inventory

FY03
Demands Increased
70-220%

The Big Picture

Scope of our Business

- 2.7M National Stock Numbers
- 27M Requisitions
- 39,000 Customers

D S C P

People

- Military – 63
- Civilian – 2517

Sales (Billions)

- FY99 $4.8
- FY00 $5.5
- FY01 $6.2
- FY02 $7.8
- FY03 $10.4
- FY04 $11.3 (P)

Supply Chain Integration at the Defense Logistics Agency

Tailored Logistics Support Packages

Broker of Supplies & Services

Partnerships with Industry

Prime Vendor & VPV Arangements

Manager of Relationships

Leverage the Commercial Marketplace

DSCP

"3rd Party Logisticians"

Readiness & Sustainment

Integrated Solutions for Joint Logistics

- Global Reach
- Forward Presence
- Total Asset Visibility

(Commercial / Intransit / GTN)

Best Practices

Traditional Support		Commercial Practice
• Multiple Order lead times	→	24 to 48 hour lead time
• Low Bid	→	Best Value
• Depot System	→	Direct vendor delivery/Prime Vendor
• Paper System	→	Electronic commerce
• Mobilize via inventory	→	Mobilize via Industry
• Instantaneous buys	→	Long Term Partnerships
• “Proprietary” Software	→	“Commercial Off the Shelf”
• Government Specs	→	Industry Practices
• Government Distribution	→	Worldwide Distribution Channels
• Linear Orientation	→	Integrated Supply Chain
• Manager of “supplies	→	Manager of “Suppliers

Class I - Subsistence

- Subsistence items are bought / consumed overseas.
- Excess items / waste disposed of IAW Military Service / host nation environmental regulations.
- Bio-Based items to be introduced into the DoD supply system under Exec Order 1301.
  - Eating utensils (forks, knives, spoons)
  - Health and Comfort pack (combs, toothbrushes, razors)

Class II - Clothing & Textiles

- **Joint Service Lightweight Integrated Suit Technology (JSLIST)**
  - **Suit disposal is under auspices of a Joint Services**

    Shelf Life organization

  - **All suits turned in will be examined by a technical expert**
  - **Suits will then be designated for:**
    - **Repackaging and return to stock**
    - **Training**
    - **Disposal**

- **Tentage**

Class IV - Building Materials

- **Items include:**
  - **Lumber, plywood, bastions, concertina wire, sand bags, fence posts, other construction / barrier material**

- **Customer requirements are supported via:**
  - **Pre-positioned assets in Bahrain**
  - **Depot issues from Defense Distribution Depot Europe**
  - **Deliveries into theatre or trans-shipped thru Europe**
  - **Local sourcing via Maintenance, Repair & Operations**
  - **CENTCOM Contracts covering in Afghanistan / Iraq**

Class VIII - Medical

- **Disposal of Medical Waste / Materiel subject to local environmental regulations**
  - **Disposal can be handled via:**
    - **DSCP's returns contractor, Guaranteed Returns (pharmaceutical returns / disposals); if unavailable in that area,**
    - **Defense Reutilization & Marketing Service (DRMS); if unavailable in that area,**
    - **Locally at the retail level by contracting with a local contractor**

Class IX - General and Industrial

- Lighting Initiatives
  - Customer Support
  - On-line Catalog for Energy Efficient Lighting
  - Lighting Team Web site
    - http://www.dscp.dla.mil/gi/general/light1.htm
- Projects / Initiatives
  - Commercial Lighting Project
  - Tailored Logistic Support Projects
  - Long term Contracts
  - Government / Industry Partnership

What We Want to Leave You With

Logistics Support

- Innovative Programs
- Web Based Ordering
- 3PL Arrangements
- Stock Positioning

DLA Investments

- Vendor Managed Inventory
- Warstopper Funding
- Industrial Base Management
- Leveraged Buying
- Research and Development

Readiness

- Worldwide Distribution Capabilities
- Emergency Response
- Forward Presence
- PV Surge

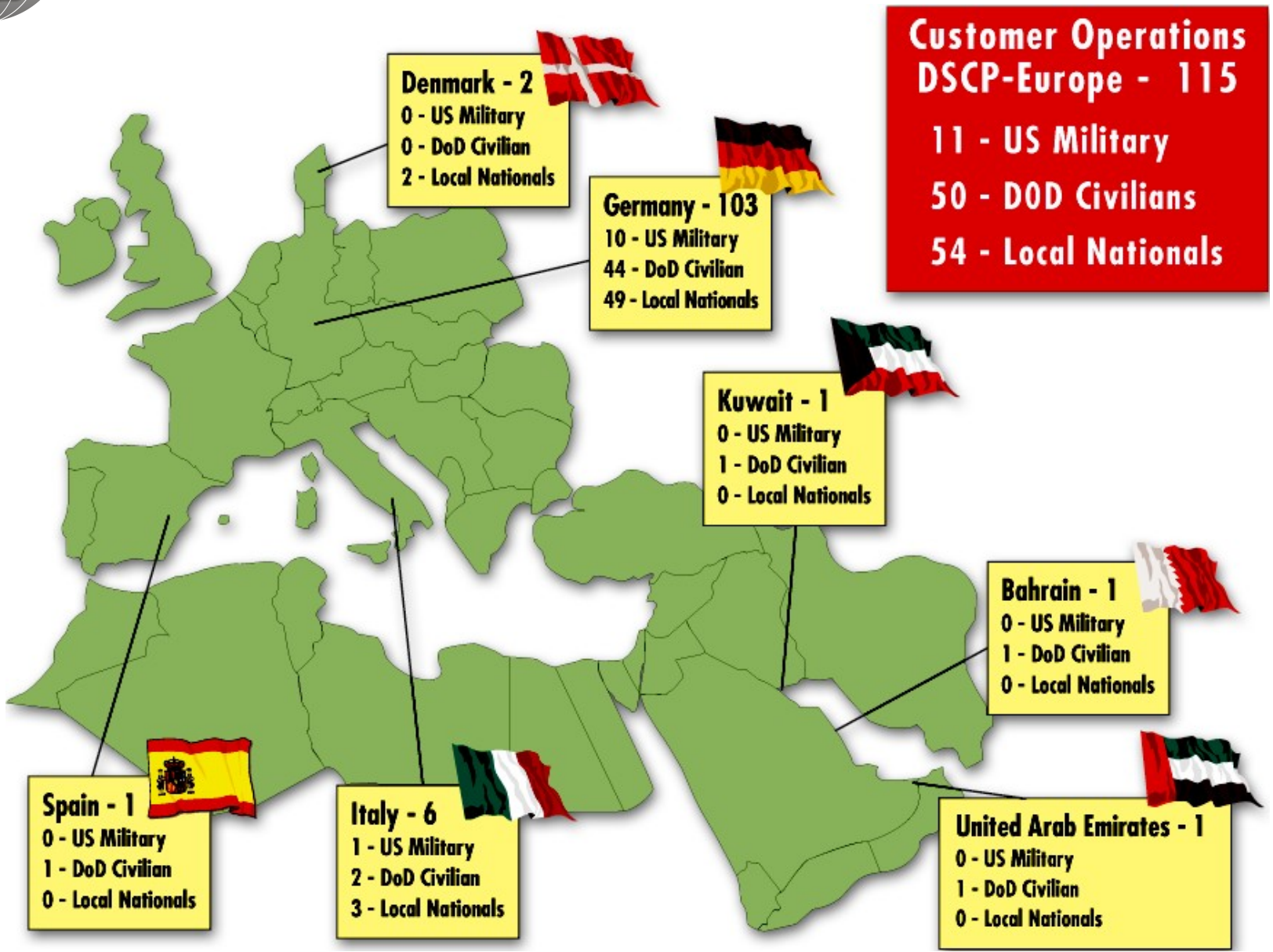
Services

- Split & Combined Deliveries
- Retail Management
- Information Technology Solution
- Commercial Asset Visibility

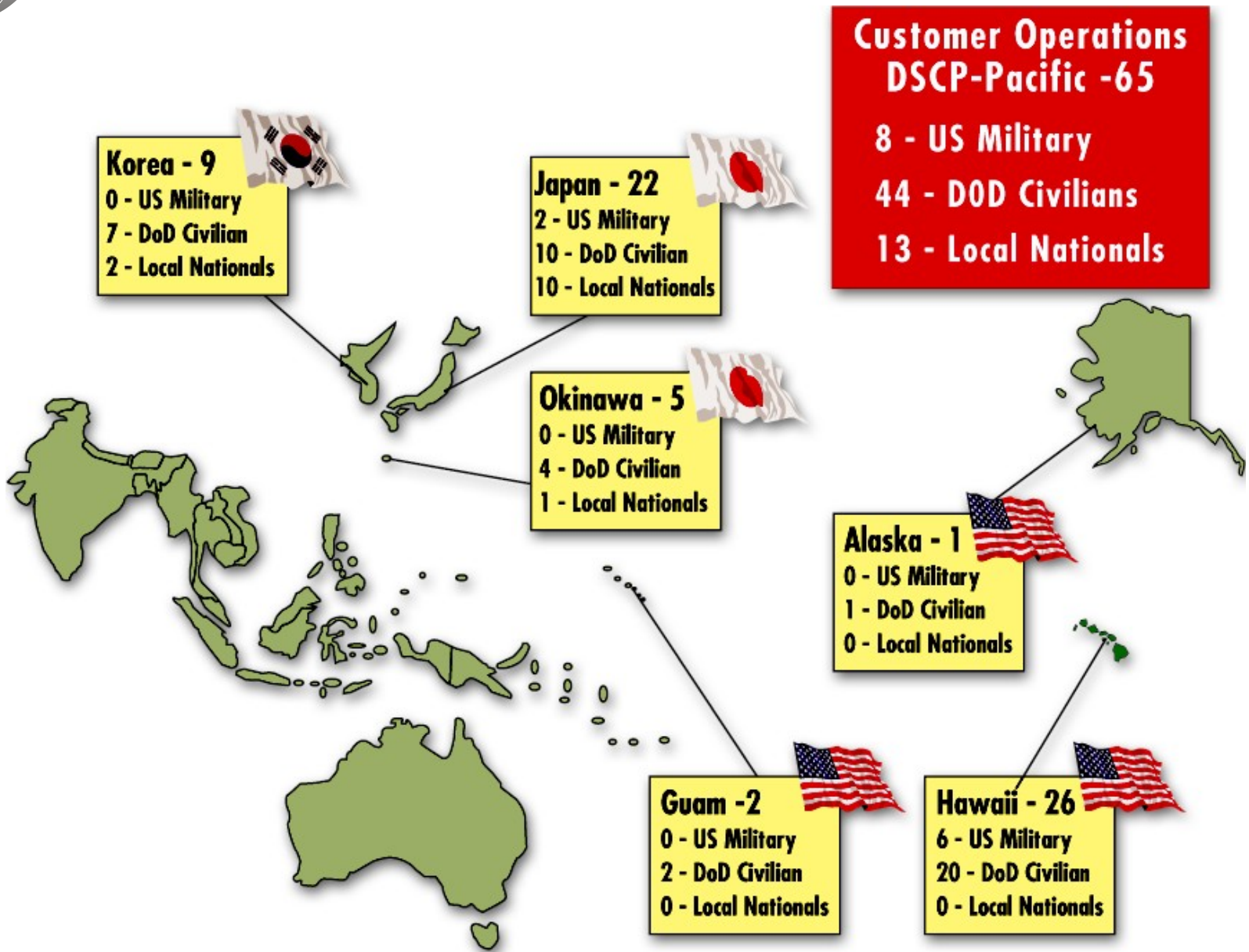
Our Goal: A cohesive, responsive supply chain able to provide innovative logistics solutions

Backup Slides

Forward Positioned … Customer Focus



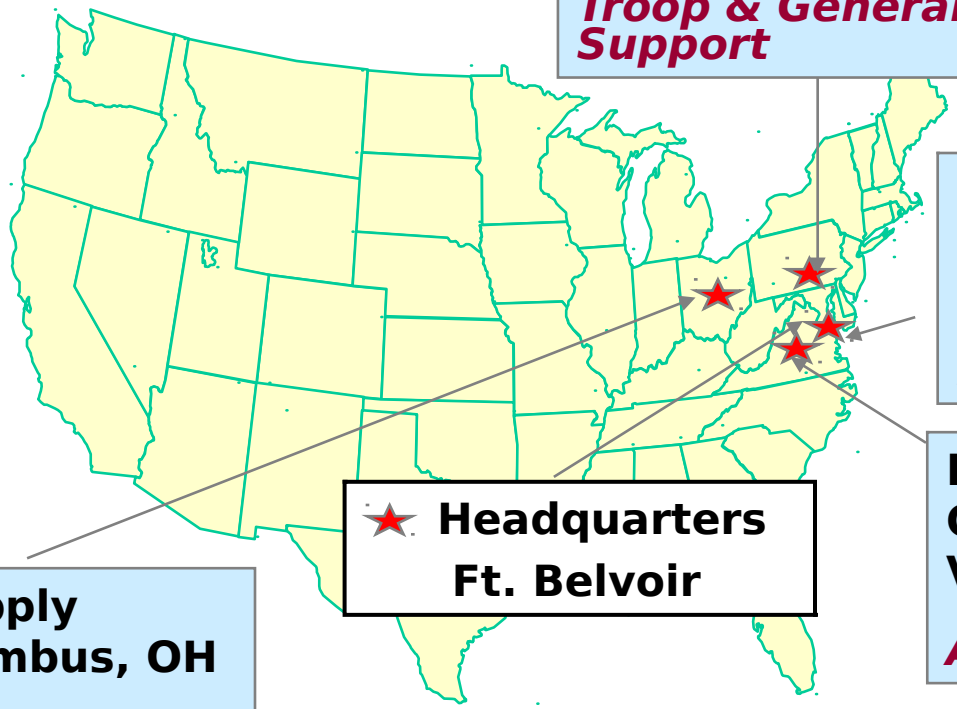
Forward Positioned … Customer Focus



Department of Defense
Undersecretary of Defense
(Acquisition, Technology and Logistics)
Defense Logistics Agency

Defense Supply Center Philadelphia

Troop & General Support



Defense Energy Support Center, Ft Belvoir, VA

Fuels

Defense Supply Center Richmond, VA

Aviation

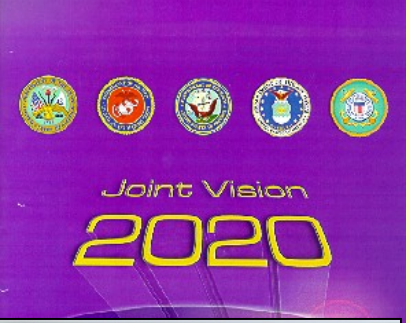
Headquarters
Ft. Belvoir

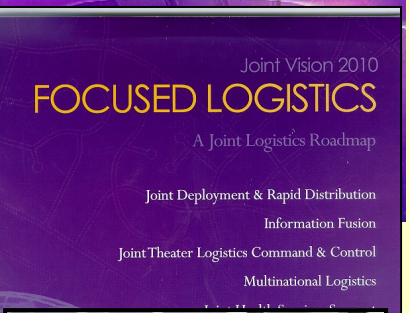
Defense Supply Center Columbus, OH

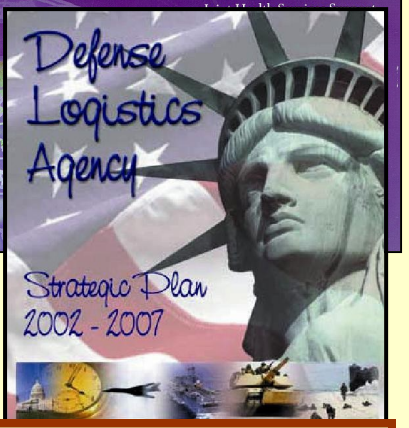
Land & Sea

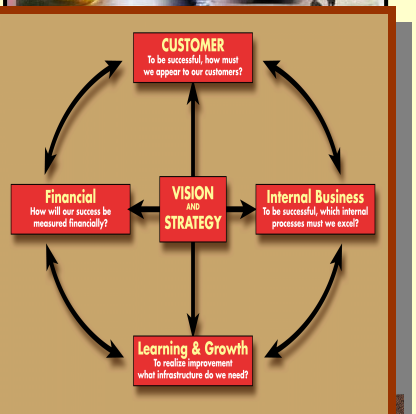
24,000 employees
$17.8B in Sales
(FY03)

"The Warfighter's Logistics Combat Support Agency"

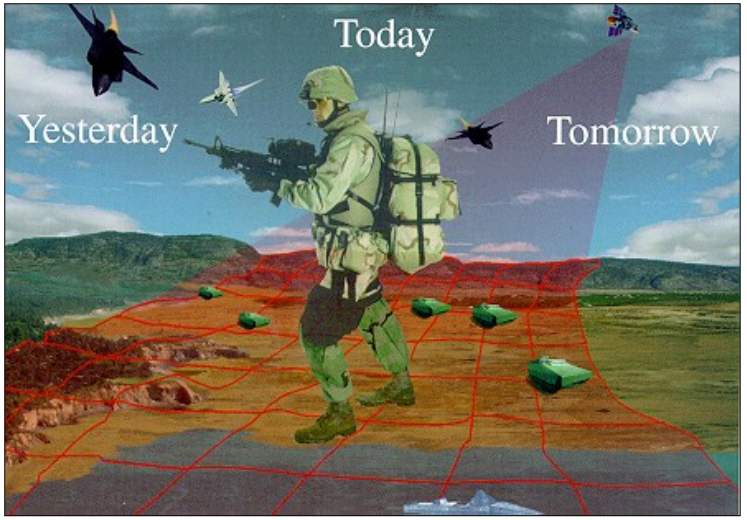







CUSTOMER
To be successful, how must we appear to our customers?
Financial
How will our success be measured financially?
VISION AND STRATEGY
Internal Business
To be successful, which internal processes must we excel?
Learning & Growth
To realize improvement what infrastructure do we need?

DSCP Support to the Warfighter



Focused Logistics

- Agile Infrastructure
- Theater Logistics
- Joint Health Support
- Rapid Response

DLA Strategic Plan

- Support in Peace and War
- Integrated Life Cycle Solutions

- Agile Logistics Support
- Rapid Worldwide Response
- Integrated Logistics Solutions

Balanced Scorecard

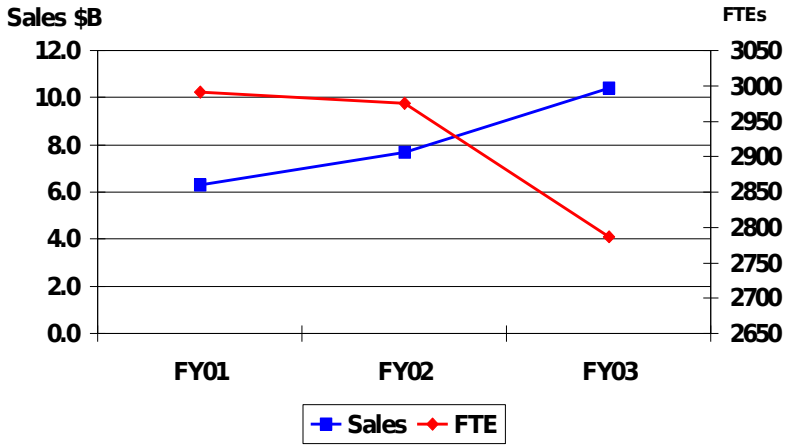
- Roadmap for strategic management
- Enhance an organization's competitiveness

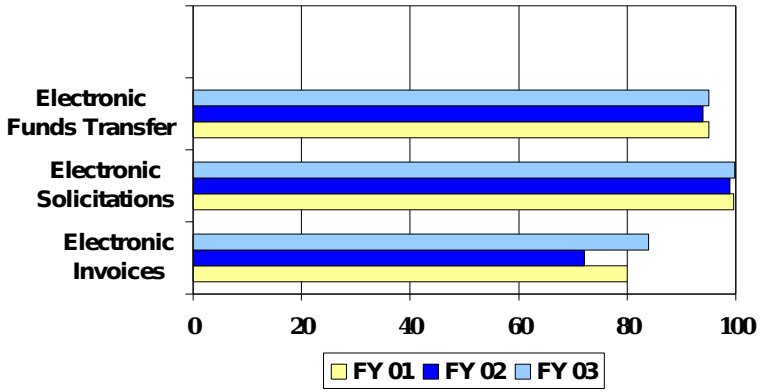
Warfighter's Logistics Integra

- FLOW
- Executive Agent
- Joint Monthly Readiness Review

Business Growth / Improvement

FY01 – FY03

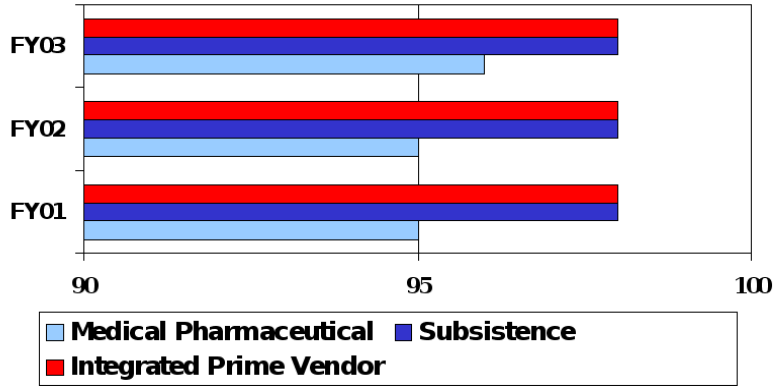




Cost Recovery Rate

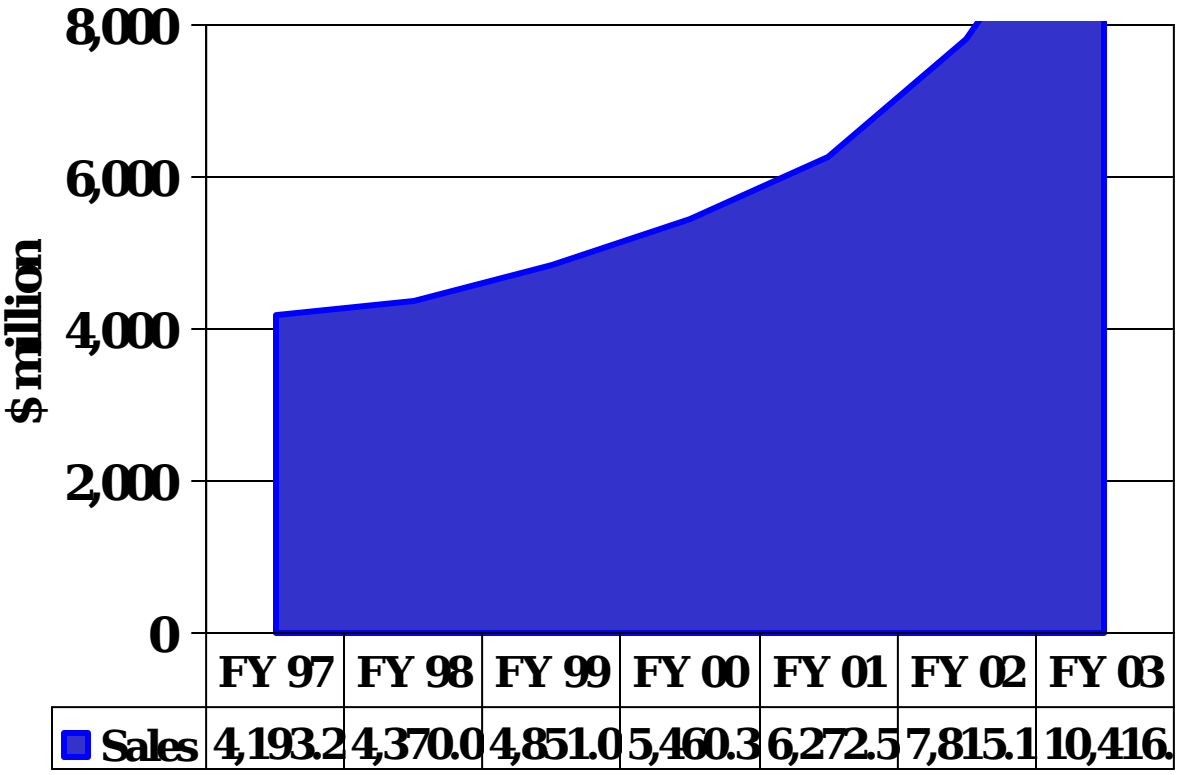
Percent

Fill Rate



DSCP Sales

(Gross Sales @ Standard)



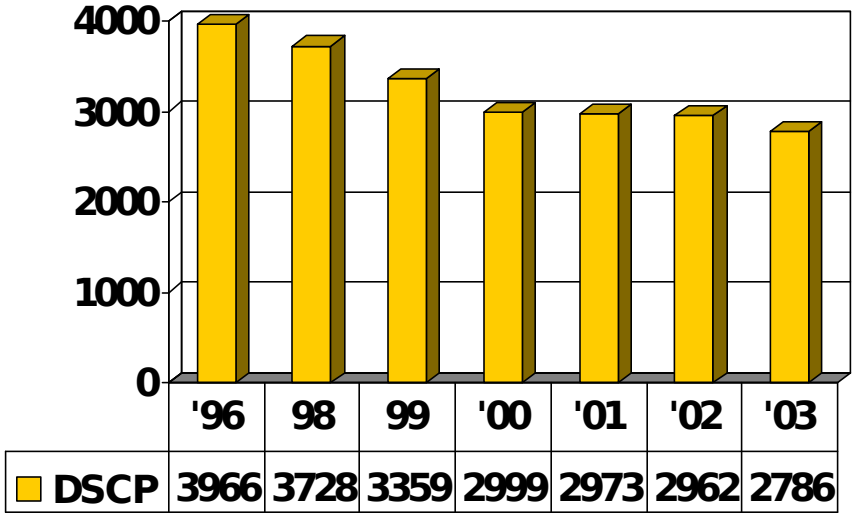
Fortune 500 Rank	Well Known Companies	Revenues $Millions
174	Textron	10,658
175	Marriot International	10,619
179	MBNA	10,431
180	DSCP	10,416
181	Xcel Energy	10,341
183	AFLAC	10,257
188	Nike	9,893
194	H. J. Heinz	9,431

Productivity is Up at DSCP

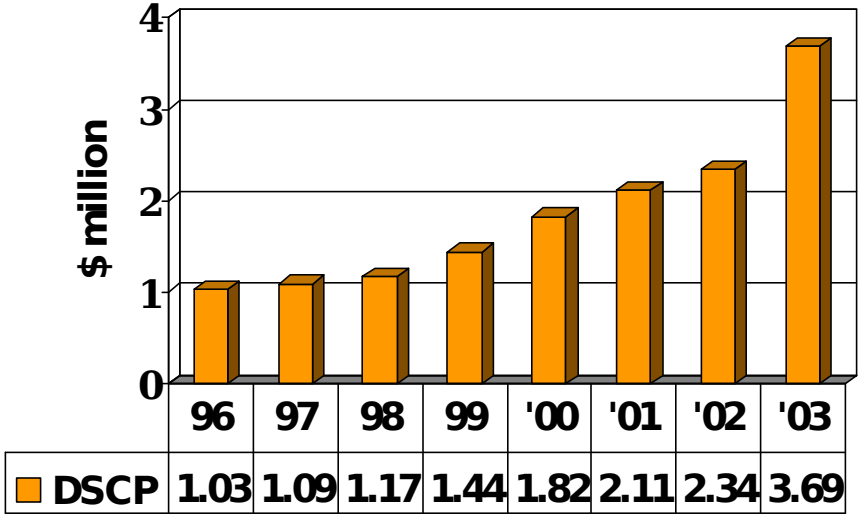
25%

128%

Employee Workyears



Sales per Employee



NOTE: FY03 figures are projections

Improving productivity while reducing customer c

Supply Chain Management at DSCP

(Operates across the majority or all segments of a supply chain or multiple supply chains)

Transaction Fulfillment, Information Flow, Demand Fulfillment

Suppliers	Product Assembly Sites	Distribution Points	Dining Facilities/ Units	Services
	Commercial/DDC	*Commercial/DDC*		

SCI

Subsistence Total Order and Receipt Electronic System

Supply Chain Integration (People, IT, Risk)

A Rations, Unitized Group Ration, Humanitarian Daily Rations, Meals Ready To Eat

Integrated Prime Vendor - Risk Shared Forecast

DSCP/Defense Distribution Center (DDC)

Vendor Managed Inventory - Demand Forecasting

DLA/DSCP

Integrated 3rd Party Logistics (I3PL)

I3PL

Integrated 3rd Party Logistics (I3PLs) - Operate at multiple logistics interfaces between supply chain segments

Prime Vendor(PV)/DDC

Cross Docking

PV/DDC

Warehousing

PV/Defense Transportation System (DTS)

Transportation

3PL

3rd Party Logistics (3PL) - Operate at discrete logistics interfaces among one or two supply chain segments

PV/DDC/DTS

Delivery

Lighting Management Division:

- Tony Armentani, Com (215)737-8047, DSN 444-8047
- Dan Ferry, Com (215) 737-5778, DSN 444-5778
- Rob Pezick, Com (215) 737-7797, DSN 444-7797

Customer Support: FAX# 215-737-8283

Phil Cufaro, Com (215)737-7789 , DSN 444-7789

- Harry Sands, Com (215) 737-9166, DSN 444-9166
- Eric Ekberg, Com (215)737-2765, DSN 444-2765

Technical/ Quality Support:

- Lee Edgil, Com (215) 737-2372, DSN 444-8099
- Susan Berneski 215-737-4175 DSN 444-4175

New Product Review, Development & Catalog Editor

- Phil Cufaro, Com (215)737-7789, DSN 444-7789

Acquisition Support:

- Jeanette Moy, Com (215) 737-8253, DSN 444-8253
- Mary Ryan, Com (215) 737-0301, DSN 444-0301

Inventory Management Support:

- Helen Price, Com (215) 737-5198, DSN 444-5198
- Susan Hill, Com (215) 737-3843, DSN444-3843